

Data Sheet

USAID Mission:	Afghanistan
Program Title:	Infrastructure, Economic Governance & Democracy
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	306-003
Status:	Continuing
Proposed FY 2003 Obligation:	TBD
Prior Year Unobligated:	\$716,000 DA; \$88,995,000 ESF
Proposed FY 2004 Obligation:	\$88,348,000 DA; \$150,000,000 ESF
Year of Initial Obligation:	FY 2003
Estimated Completion Date:	FY 2007

Summary: Significant amounts of Afghanistan's infrastructure have been damaged in the fighting over the past 22 years, or have deteriorated due to the lack of maintenance. Their rehabilitation is urgently needed, both for economic reasons as well as to demonstrate the benefits of cooperating with the international community. In order to mobilize domestic and foreign investment to finance Afghanistan's growth, it is critical to have in place a system of economic governance that provides for transparency, stability, and predictability. Currently the country's economic institutions are opaque, encourage administrative discretion, facilitate corruption, and discourage investment. The new government, however, wishes to put in place a system that relies on market forces and places maximum reliance on the private sector as the engine of growth. Afghanistan has never had the institutions of a modern civil society, including independent non-ethnic political parties, professional nonpartisan media, strong civil society, and an independent, professional judiciary. Furthermore, it has a history of authoritarian rule within a fractured and ethnically oriented society. Building democratic institutions will be a long-term effort.

Inputs, Outputs, Activities:

FY 2003 Program:

The Rehabilitation of Economic Facilities and Service Program (REFS) aims to promote economic recovery and political stability in Afghanistan by repairing selected infrastructure needed to lower transportation costs, increase the availability of water and sanitation services, increase access to education, health and local governmental facilities, and repair/reconstruct irrigation systems, dams/diversions, and canals critical to the re-activation of the agricultural sector, the dominant means of livelihood in the country. Because of the high rate of local unemployment, projects will be designed to maximize the use of manual labor and the contractor will be expected to use Afghan professional staff, mentor them, and give them progressively greater management and implementation responsibility over the life of the project. REFS serves as the general contractor for USAID's infrastructure and rehabilitation work in Afghanistan. While the principal focus of REFS is the Presidential Initiative to repair the Kabul-Kandahar-Herat road, the repair/rehabilitation of health clinics, of schools, of secondary road and irrigation projects, and of urban sanitation that are outlined in other USAID programs in Afghanistan are all subsets of REF's engineering, design and construction oversight responsibilities.

The Sustainable Economic Policy and Institutional Reform Support (SEPIRS) program is designed to assist the Ministry of Finance and the Central Bank in implementing priority policy and institutional reforms for the economic governance of Afghanistan. USAID will provide the Ministry of Finance and the Central Bank with long-term technical support designed to promote the effective development and implementation of major reforms. Much of this support will focus on human capacity development and effective dissemination of improved economic policy and public administration practices across a range of core macroeconomic and structural reform areas. The support in key policy and institutional reform areas is intended to promote full ownership of the economic governance process by the Ministry and the Afghan Government.

The Support for Democratic Initiatives (SDI) Program focuses on the development of a sound legal and political foundation for the building of a modern republic. All elements of the program are focused on the most pressing democracy and governance objective: forging consensus on national identity, the rules of the game, and the nature of the Afghan state. The Bonn process is designed to build this consensus. The proposed SDI Program is designed to support successful follow-through on the Bonn Accord. While intermediate program objectives and outputs are specified, overarching political goals are of paramount importance. If the fundamental processes (i.e. a new Constitution and a successful election) fail, then achievement of secondary results will be meaningless.

Approximately \$88,000,000 FY 2002 ESF Supplemental will be used to support the programs described above.

FY 2004 Program:

Rehabilitation of Economic Facilities and Services (REFS) (\$699,000 DA; \$150,000,000 ESF), FY 2004 program will continue to repair existing facilities that have a significant impact on reactivating economic activity. It will also include an institutional development component, which will help train cooperating ministries in cost recovery and maintenance, as well as outsourcing techniques, so that ministries will focus in the future on setting standards while facilitating the private sector's provision of services. USAID intends to continue to use REFS as the general contractor in FY 2004 to design and monitor the repair/rehabilitation of up to 1000 kilometers of primary/secondary roads and associated bridges, renovate or construct up to 600 additional schools and 300 health clinics, and repair up to four waste water systems.

Sustainable Economic Policy and Institutional Reform Support (\$35,366,000 DA). As the legal framework for private sector growth is put in place it will be important to establish a credit mechanism to facilitate the growth and expansion of small and medium enterprises. USAID proposes to establish a local banking structure that will provide both credits on commercial terms to private sector firms as well as business advisory services to develop new markets, facilitate more efficient production practices, and adapt modern accounting practices.

Support to Democratic Initiatives Program (\$52,283,000 DA). SDI is implemented through two components. The first is technical assistance and training to support constitutional, judicial, human rights, and policy reform work in support of the Constitutional, Judicial, and Human Rights Commissions, as well as the Secretariat of Administrative Affairs in the Office of the President and other targeted Afghan institutions. The second component will establish the foundations for a fair and competitive electoral system leading to successful 2004 elections by providing technical assistance to the national electoral body, including the area of voter education. The program also aims to promote a politically active citizenry by providing assistance to political parties and civic leaders, training those groups in domestic election monitoring, and conducting a civic education campaign.

Performance and Results: USAID effectively developed and managed the critical logistical support for the Emergency Loya Jirga on behalf of the UN and the Loya Jirga Commission. This assistance included logisticians that developed the plan for implementation; air operations support; educational films on the Loya Jirga process for communities; international observers to ensure transparency in the selection of delegates; and nationwide expansion of Radio Kabul broadcasts with messages about the Loya Jirga process. USAID initiated on behalf of the Central Bank the currency conversion process through the provision of personnel to staff the 52 exchange points, counters, and shredders; and transportation for moving the currency. USAID built and furnished the Kabul Women's Resource Center, on behalf of the Ministry of Women's Affairs. 142 schools, daycare centers, and vocational schools were constructed, and 72 health clinics, birth centers, and hospitals were rehabilitated. Over 6,100 water projects were completed. These included the rehabilitation of irrigation canals, springs, wells, dams, reservoirs, and urban water systems.

US Financing in Thousands of Dollars

Afghanistan

306-003 Infrastructure, Economic Governance & Democracy	DA	ESF
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	23,205
Expenditures	0	2,243
Through September 30, 2002		
Obligations	0	23,205
Expenditures	0	2,243
Unliquidated	0	20,962
Prior Year Unobligated Funds		
Obligations	716	88,995
Planned Fiscal Year 2003 NOA		
Obligations	0	TBD
Total Planned Fiscal Year 2003		
Obligations	716	88,995
Proposed Fiscal Year 2004 NOA		
Obligations	88,348	150,000
Future Obligations	0	0
Est. Total Cost	89,064	262,200